



# Alaska

## Benefits From Exports

Alaska's export sales of merchandise expanded from \$818 million in 1993 to \$985 million in 2000, an increase of nearly 21 percent. On a per capita basis, Alaska in 2000 recorded export sales of \$1,571 for every state resident, up 15 percent from the 1993 per capita value of \$1,368.

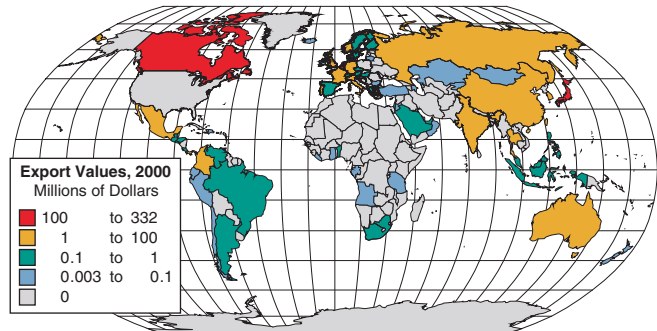
Although Alaska exported globally to 78 foreign destinations in 2000, more than 86 percent of the state's exports went to just four markets. More than a third (\$332 million) went to Japan, the leading foreign destination, followed by Canada (\$284 million), Belgium (\$137 million), and South Korea (\$100 million). Other major markets in 2000 included the United Kingdom, Germany, Russia, and Australia.

Alaska's biggest growth market, in dollar terms, is Japan. Export sales to the Japanese market grew by \$73 million over 1997–2000. Alaska also posted sizable gains in sales to Belgium (up \$44 million) and Australia (up \$10 million).

The state's leading export products in 2000 were nonmanufactured commodities, which accounted for more than two-thirds of total Alaskan exports. The top

### ALASKA EXPORTED GOODS WORTH \$985 MILLION TO 78 FOREIGN MARKETS IN 2000

Dollar Value of Alaska's Merchandise Exports to Foreign Markets, 2000

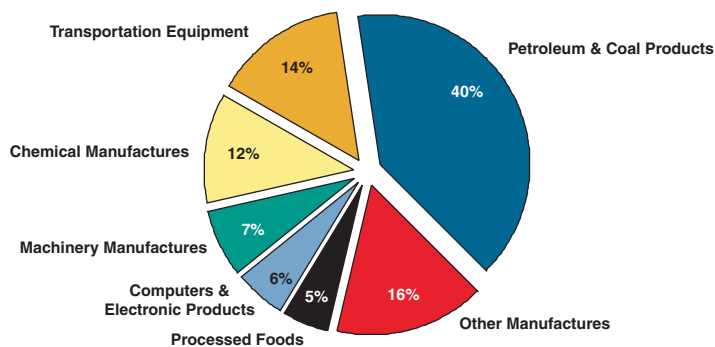


Source: U.S. Department of Commerce, Exporter Location Series.

nonmanufactured exports were mining products (\$355 million); oil and gas extraction products (\$145 million); and fishing, hunting, and trapping products (\$108 million). Among manufactured exports, the leading products were processed petroleum and coal products (\$128 million) and transportation equipment (\$46 million).

Within Alaska, the Anchorage metropolitan area posted merchandise export sales of \$198 million in 1999. This is 54 percent more than the \$129 million in exports sold by Anchorage's businesses in 1993.

### ALASKA EXPORTS A WIDE RANGE OF MANUFACTURES: \$322 MILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

The preceding export figures, while significant, understate the true importance of exports to Alaska's economy. This is because the numbers measure only direct exports by businesses located in Alaska. Not included are Alaska's *indirect* exports, sold through middlemen located in other states. Substantial amounts of Alaskan commodities, such as fish and forest products, are exported in this way. Because Alaska's primary export products are nonmanufactured commodities, and because these products are typically sold abroad by out-of-state middlemen, indirect exports are unusually important to Alaska. Indirect export sales may have been as high as \$1.5 billion in 2000.

## Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by merchandise exports are 13–18 percent higher than the national average. Export-supported jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Alaska depended on manufactured exports for some 4,400 jobs. Export-supported jobs accounted for an estimated 2.2 percent of Alaska's total private sector employment.

Manufactured exports supported about 1,300 jobs in Alaska's manufacturing industries. This was nearly 12 percent of the state's manufacturing work force, roughly one of every eight manufacturing jobs. Sectors with significant numbers of export-related jobs included processed foods (700 export-sustained jobs), paper products (200 jobs), and chemicals (200 jobs).

Exports of manufactured goods also indirectly supported 3,100 jobs in the state's nonmanufacturing industries, including 1,300 workers in transportation services, 900 in wholesale-retail trade, 100 in business services, and another 800 in other nonmanufacturing sectors such as mining. All these industries directly and indirectly supply manufacturers with a wide variety of inputs needed to produce goods for export.

### TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

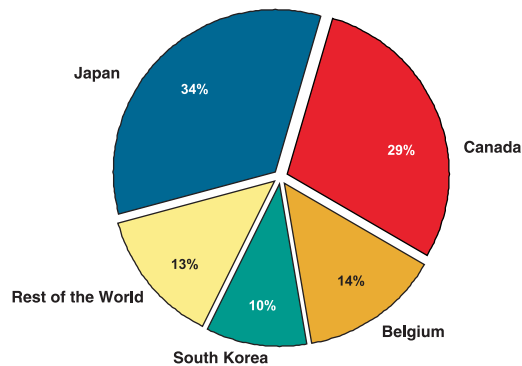
*U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.*

*Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.*

*TPA preserves the ability of the United States to protect public health, safety, and the environment.*

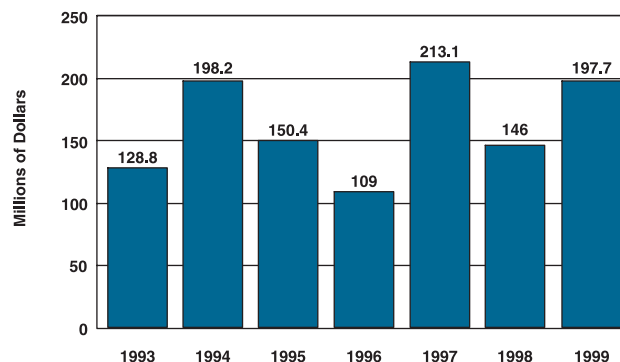
### JAPAN IS ALASKA'S BIGGEST EXPORT MARKET

Percent of Alaska's 2000 Exports



Source: U.S. Department of Commerce, Exporter Location Series.

### ANCHORAGE'S MERCHANDISE EXPORTS GREW 53 PERCENT FROM 1993 TO 1999



Source: U.S. Department of Commerce, Exporter Location Series.

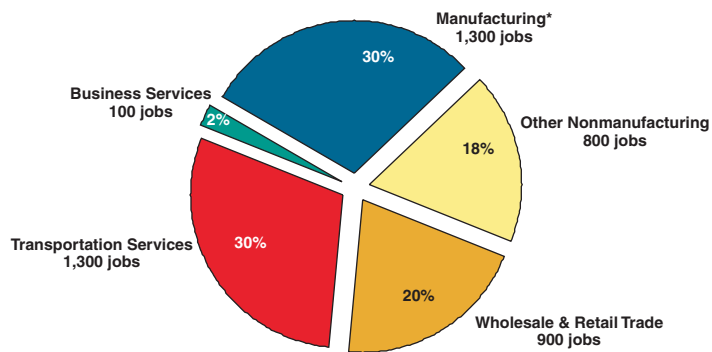
## Exports Help Small Business

Exports have broadly benefited Alaska businesses, both large and small. A total of 743 companies exported from Alaska locations in 1998. About 68 percent of these companies, accounting for about 24 percent of the state's total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, more than 55 percent of all Alaska exporters were small firms with fewer than 100 workers.

## Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The United

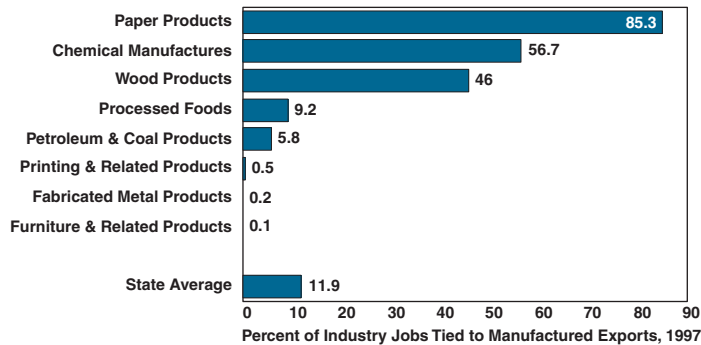
### 4,400 ALASKA JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



\*Includes 700 jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

### MORE THAN ONE-TENTH OF MANUFACTURING JOBS IN ALASKA WERE TIED TO EXPORTS IN 1997



Note: In 1997, 11.9 percent of the 10,800 manufacturing jobs in Alaska were tied to manufactured exports—some 1,300 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for exports or of inputs to the export manufacturing process.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

## Alaska Industries Can Gain From Trade Negotiations

Alaska's exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit Alaska's businesses across a range of industrial sectors.

**Fish products.** Waters off the coasts of Alaska support one of the richest fisheries in the United States. Since the conclusion of the Uruguay Round, the United States has actively supported trade liberalization efforts for fish products, including tariff elimination, subsidy reform, and the lowering of nontariff trade barriers. The United States maintains very low tariffs, few subsidies, and an open and transparent market, so the Alaskan industry has much to gain from renewed negotiations with its principal trading partners in Asia and the European Union.

**Lumber and wood products.** The lumber and wood products industry benefited from tariff reductions negotiated in the Uruguay Round. However, tariffs in key markets remain an important problem since the industry operates on very thin profit margins. Tariffs in Japan average 4 percent on key value-added products, while high tariffs in Latin America—particularly Brazil, Argentina, and Chile—severely hamper the industry's ability to compete in that region. As other countries move ahead with preferential trade agreements, U.S. exporters may be left behind. An example is the Canada-Chile FTA. Establishment of an ASEAN Free Trade Area will create significant competitive advantages for Indonesia and Malaysia, two of the world's top suppliers of wood products, and handicap the U.S. industry in such growing markets as Singapore, Thailand, and the Philippines.

### ALASKA: WHY TRADE PROMOTION AUTHORITY?

*Trade Promotion Authority is critical for removing remaining barriers to exports of Alaska goods and services.*

*Alaska exporters still face major trade barriers in such sectors as fish, lumber and wood products, and civil aircraft and parts.*

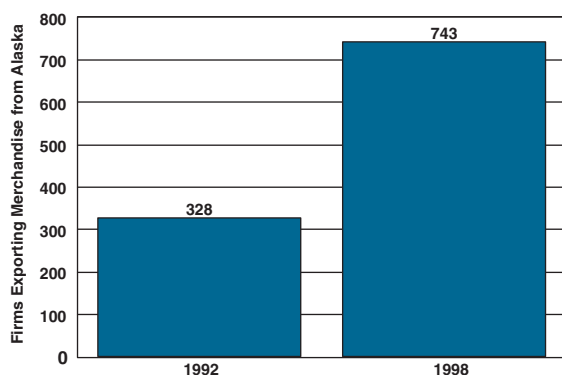
*With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.*

*Alaska's economy is export-dependent, with export sales of \$1,571 for every state resident.*

*Some 4,400 Alaska jobs depend on exports of manufactured goods.*

*743 companies—including 511 small and medium-sized businesses—export from Alaska.*

### THE NUMBER OF COMPANIES EXPORTING FROM ALASKA ROSE 127 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

## Imports Also Important to Alaska

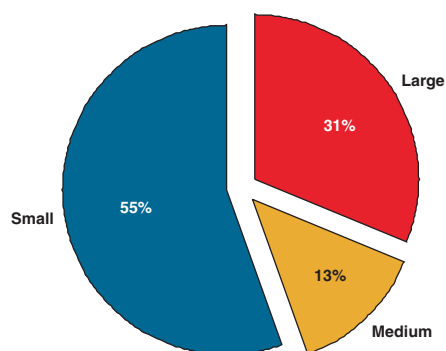
While exports generate clear benefits for the Alaska economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Alaska, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses

in Alaska with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

**Civil aircraft and parts.** The U.S. civil aircraft industry is the largest in the world. In 2000, total exports of U.S. civil aircraft, engines, and parts were \$45 billion. Over the last five years, three of every five large civil aircraft produced in the United States have been exported. The World Trade Organization Agreement on Trade in Civil Aircraft provides for duty-free import of civil aircraft and their components by the 26 signatories to this agreement. However, import tariffs in nonsignatory countries remain as high as 30 percent. Also, a number of nontariff barriers impede Alaska’s exports of civil aircraft and parts. For example, some countries do not promptly or fully recognize the safety and international noise certification compliance of all U.S. civil aircraft.

**Services.** Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

### 68 PERCENT OF ALASKA’S 743 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.  
Source: U.S. Department of Commerce, Exporter Data Base.